

*File HHS-1-13*

23 March 1983

NICARAGUA: STATUS OF INSURGENCY

The anti-Sandinista insurgents have had considerable success in the last month in infiltrating units well into Nicaragua and inflicting heavier casualties on government units.

- Their strength has also continued to grow as a result of additional "ralliers."
- They now number some 6,500 armed men inside Nicaragua, with 1,500 volunteers available in Honduras once they are fully trained and equipped.

The Nicaraguan Democratic Force (FDN) has been able to set up a new front in the Matagalpa area well inside Nicaragua.

- Its commander claims to have inflicted over 300 casualties on Sandinista forces in the area in the last few weeks.
- He also claims to have interdicted the main roads south and east of the departmental capital.

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The Sandinistas are reacting strongly to the increased insurgent activity.

- They reportedly are attempting to create a depopulated zone along the entire border.
- They also have sent reinforcements to the Matagalpa area, including both regular units and militia forces.

While they appear confident they can handle the insurgents, they are again threatening retaliation against Honduras.

- Defense Minister Humberto Ortega has publicly raised the danger of war with Honduras because of its support for the insurgents.

- [redacted] stated that Nicaragua eventually plans to introduce guerrillas into Honduras.

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The Sandinistas are likely to use the insurgent threat for maximum propaganda effect.

- In addition to raising the matter at the UN, they also may crack down hard on domestic opponents and tighten their control of the economy.
- They have seized a Coca Cola plant owned by a prominent exile, and may move to take control of the vital coffee industry.

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Managua probably will turn to the Cubans for increased military aid.

- In addition to more support for the counterinsurgency effort, they may ask for delivery of the MIG-21s currently based in Cuba.
- Libya has already pledged to provide more military aid, including jet aircraft and air defense radars.

The bottom line is that while the anti-Sandinista insurgents are having greater success in causing increased concern and costs to the regime, they will have little capability to overthrow the junta in the foreseeable future.

- Nor are they likely to provoke an open conflict between Nicaragua and Honduras.
- The Sandinistas will use the threat, however, for maximum propaganda effect as well as an excuse to crack down further on domestic opponents and take greater control of the economy.

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